

## **"County Board Acted after Careful Consideration"**

Prior to and since the Board of Supervisors' recent decision to establish a property tax to fund a public health services district, I have received many questions and wanted to share some of the answers with others that may have similar questions. The fiscal crisis facing the County cannot be reduced to simple statements, but I wanted to attempt to address the some of the questions directly and clearly.

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### **What authority did the Board rely on to raise the property tax?**

In 2000, the State authorized counties to raise property taxes because it transferred more of the responsibilities for public health costs to counties and eliminated payments from cities that previously helped pay those costs.

### **Why did the County wait to raise the property tax authorized in 2000?**

Coconino County has resisted tax increases and has exercised strict budget control for years. By carefully controlling their budget, the Board of Supervisors has been able to live within their existing tax revenues, even as they have declined and the state continues to shift costs to the counties. However, additional state cuts to counties and the weak economy have made the county's fiscal challenges even greater. By delaying this property tax increase as long as possible, the Board saved county taxpayers over \$35 million since 2000.

### **Why did the Board vote now?**

The Board has been formally discussing the need for additional revenue since identifying in early 2007 that there would be a revenue shortfall in the next few years. At that time, it was clear that a tax increase might be necessary in the years ahead. In September 2007, the County had began exploring and evaluating the few, limited options available under state law, including enacting a property tax to fund a public health services district.

### **What has the County done to cut expenses and balance its budget?**

In 2006, 2007, 2008, and 2009, the Board controlled county spending and cut out any non-essential costs. During that time, the County took steps to plan for an economic slowdown, but no one anticipated the extent of the current recession and the resulting drop in tax revenues. State budget cuts have made it impossible for the county to maintain essential services without additional revenue. And, it is likely the state will push more costs onto the counties. By voting now, the Board assured the county will remain solvent.

### **Why not refer the issue to the voters?**

By law, the question could not be presented to voters before November of 2010. If approved, the tax revenues would not be received by the county until almost another year later. The County faces substantial cuts to essential services now and even more next year.

**Why not increase the general sales tax?**

Counties do not have the authority to increase a general sales tax, even with voter approval. The referral of a general sales tax to the voters can only be authorized by the State.

**How does Coconino County's property tax rate compare with other counties?**

There are 15 counties in Arizona. Only one, tiny Greenlee County, has a lower property tax rate than Coconino. The average county primary property tax rate across Arizona is \$1.76. Coconino County's rate is only \$0.40.

**What will the property tax increase mean for county taxpayers?**

It is important to remember that county government only receives a very small part of the property taxes (only six cents of every tax dollar) that county residents pay each year, even though the county serves as the tax collector for the state, the cities, the schools, and many special districts. The property tax increase will increase the property taxes for a \$300,000 home about \$80 a year or less than \$10 each month. The amount is even smaller for less expensive homes.